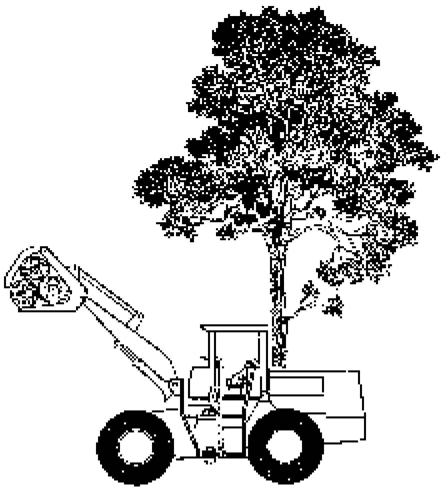
Missouri Timber Price Trends



Quarterly Market Report
Vol. 9 No. 2
April-June, 1999

Missouri Department of Conservation

Missouri Timber Price Trends tracks market prices for Stumpage and Delivered Logs. Reports on the Stumpage Market are received from Missouri Department of Conservation Resource Foresters and private consulting foresters. Stumpage refers to timber sold on the stump and does not reflect delivered mill prices. Reports on the Log Market give delivered log prices and are compiled from reports submitted by sawmills and other wood processing plants. These reports should serve as a **general** guide to track stumpage and delivered log prices. Landowners should not use this report to replace a timber inventory and marketing assistance as methods of conducting a sale. Missouri Department of Conservation Resource Foresters will be able to provide information on current, local market conditions. Details of all private sales and delivered prices are kept confidential.

Tree Scale Conversion Factors

Sawlogs - Veneer Logs		Int'l = Doyle x 1.38
		Int'l = Scribner x 1.18
Pulpwood	Pine	5,200 lbs/cord
	Hardwood (hard)	5,600 lbs/cord
	Hardwood (soft)	4,200 lbs/cord

STATEWIDE TIMBER STUMPAGE PRICE TRENDS IN MISSOURI

(April-June, 1999)

	High $/MBF	Low $/MBF	Weighted Average	Previous Quarter	Last Year	Number of Reports	Total Volume (MBF)
Veneer							
Red oak (group)	$3,100	$860	$2,790	-	-	2	1
White oak (group)	$1,800	$950	$1,145	$410	-	2	
Sawlogs							
Ash	$215	$50	$120	$50	-	3	17
Black Walnut	$600	$50	$105	$445	$590	6	20
Cherry	$600	$600	$600	-	-	1	
Elm	$80	$55	$75	-	-	2	
Hackberry	$90	$50	$70	-	-	2	9
Hickory	$155	$50	$105	$105	$65	8	106
Hard Maple	$180	$180	$180	$200	-	1	
Soft Maple	$275	$110	$125	-	-	2	47
Oak (mixed species)	$325	$70	$170	$145	$120	10	367
Red oak (group)	$505	$50	$145	$225	$155	22	1,749
White oak (group)	$345	$55	$135	$230	$160	24	895
Gum	$80	$80	$80	$85	-	1	1
Sycamore	$60	$50	$55	-	-	2	22
Mixed Hardwoods	$180	$50	$105	$145	-	19	253
S Yellow Pine	$155	$70	$105	$170	$130	5	79
Stave Logs							
White oak (group)	$775	$150	$415	$250	-	12	130

OZARK TIMBER STUMPAGE PRICE TRENDS IN MISSOURI

(April-June, 1999)

	High $/MBF	Low $/MBF	Weighted Average	Previous Quarter	Last Year	Number of Reports	Total Volume (MBF)
Veneer							
Red oak (group)	$860	$860	$860	-	-	1	
White oak (group)	$1,800	$1,800	$1,800	-	-	1	
Sawlogs							
Ash	$215	$215	$215	-	-	1	
Black Walnut	$600	$540	$590	-	-	2	1
Cherry	$600	$600	$600	-	-	1	
Elm	$80	$80	$80	-	-	1	
Hickory	$155	$50	$105	$125	$65	8	106
Hard Maple	$180	$180	$180	-	-	1	
Oak (mixed species)	$210	$90	$150	$160	$120	7	312
Red oak (group)	$505	$55	$145	$210	$150	13	1,480
White oak (group)	$200	$55	$130	$210	$150	15	786
Gum	$80	$80	$80	$85	-	1	1
Mixed Hardwoods	$180	$60	$115	$145	$65	9	140
S Yellow Pine	$155	$70	$105	$170	$130	3	72
Stave Logs							
White oak (group)	$720	$360	$360	-	-	2	21

PRAIRIE TIMBER STUMPAGE PRICE TRENDS IN MISSOURI

(April-June, 1999)

	High $/MBF	Low $/MBF	Weighted Average	Previous Quarter	Last Year	Number of Reports	Total Volume (MBF)
Veneer							
Red oak (group)	$3,100	$3,100	$3,100	-	-	1	1
White oak (group)	$950	$950	$950	-	-	1	
Sawlogs							
Ash	$50	$50	$50	-	-	1	5
Black Walnut	$355	$50	$85	$445	$590	3	19
Hackberry	$90	$50	$70	-	-	2	9
Soft Maple	$275	$275	$275	-	-	1	4
Oak (mixed species)	$325	$70	$290	-	-	2	48
Red oak (group)	$345	$50	$120	$195	$225	4	155
White oak (group)	$345	$90	$260	$180	$235	3	37
Sycamore	$50	$50	$50	-	-	1	14
Mixed Hardwoods	$140	$50	$100	$50	$80	7	97
Stave Logs							
White oak (group)	$775	$150	$460	-	-	9	97

RIVERBORDER TIMBER STUMPAGE PRICE TRENDS IN MISSOURI

(April-June, 1999)

	High $/MBF	Low $/MBF	Weighted Average	Previous Quarter	Last Year	Number of Reports	Total Volume (MBF)
Sawlogs							
Ash	$145	$145	$145	$50	-	1	11
Black Walnut	$240	$240	$240	-	-	1	1
Elm	$55	$55	$55	-	-	1	
Soft Maple	$110	$110	$110	-	-	1	43
Oak (mixed species)	$130	$130	$130	-	-	1	6
Red oak (group)	$180	$125	$150	$280	$265	5	114
White oak (group)	$150	$95	$130	$390	$260	6	73
Sycamore	$60	$60	$60	-	-	1	8
Mixed Hardwoods	$70	$60	$70	$115	-	3	16
S Yellow Pine	$125	$125	$125	-	-	2	7
Stave Logs							
White oak (group)	$155	$155	$155	-	-	1	12

Missouri Log Market Report

Missouri Department of Conservation, Forestry Division
University of Missouri, Forestry Extension
Missouri Forest Products Association

Welcome to the **Missouri Log Market Report**. This report is intended to provide information on delivered log prices and market conditions for loggers and mill operators. Landowners can benefit by tracking market conditions for the various wood products harvested from a tree.

The Log Market Report is published as a cooperative effort of the Forestry Division of the Missouri Department of Conservation, University of Missouri-Extension and the Missouri Forest Products Association.

The report details prices for **Grade Logs** by species and grade; and prices for **Below Grade Logs** by species and intended end use, such as blocking, pallet lumber or ties. All prices are based on the average mean within the grade standard or product line. Absolute maximums or minimums are not reported. All prices are based on a thousand board feet unit using the International 1/4" Log Scale. Log grades used in this report are based on the following **minimum** criteria:

	Grade 1	Grade 2	Grade 3
Minimum Diameter	13-15"	11"	8"
Minimum Log Length	10'	8'	8'

We hope you find the information useful and will be working to expand the number of participating mills; reported species and products (veneer, etc); and the range of coverage for the report. All information provided by the participating mills is confidential.

If you have any questions, comments, or would like to participate in the reporting program, please call the Missouri Department of Conservation Foresty Division at (573) 751-4115.

Average Statewide Delivered Prices
Dollars per Thousand Board Feet, International ¼" Scale
(April-June, 1999)

Veneer

Species	High	Low	Avg
Black Walnut	$1,800	$1,800	$1,800
Red oak (group)	$1,000	$1,000	$1,000
White oak (group)	$700	$655	$670

*** 3 Mill(s) reporting..**

Sawlogs

Species	Grade 1	Grade 2	Grade 3
Ash	$365	$270	$185
Black Walnut	$405	$390	$260
Cherry	$635	$475	$285
Cottonwood	$230	$190	$160
Elm	$195	$125	$125
Hackberry	$165	$165	$185
Hickory	$185	$200	$180
Hard Maple	$230	$175	$165
Soft Maple	$505	$355	$160
Red oak (group)	$425	$335	$245
White oak (group)	$375	$295	$235
Pecan	$165	$165	$165
Gum	$165	$165	$165
Eastern Redcedar	$330	$180	$180
S Yellow Pine	$175	$175	$185

*** 30 Mill(s) reporting..**

Average Ozark Delivered Prices
Dollars per Thousand Board Feet, International ¼" Scale
(April-June, 1999)

Veneer

Species	High	Low	Avg
Red oak (group)	$1,000	$1,000	$1,000
White oak (group)	$700	$655	$670

*** 2 Mill(s) reporting..**

Sawlogs

Species	Grade 1	Grade 2	Grade 3
Ash	$335	$240	$190
Black Walnut	$295	$535	$315
Cherry	$375	$245	$205
Elm	$300	-	-
Hackberry	-	-	$230
Hickory	$180	$210	$190
Hard Maple	$600	$300	$180
Red oak (group)	$360	$295	$215
White oak (group)	$325	$270	$210
Eastern Redcedar	$395	$350	$350
S Yellow Pine	$180	$185	$200

*** 24 Mill(s) reporting.**

Average Prairie Delivered Prices
Dollars per Thousand Board Feet, International ¼" Scale
(April-June, 1999)

Sawlogs

Species	Grade 1	Grade 2	Grade 3
Ash	$550	$415	-
Cherry	$1,105	$830	$415
Cottonwood	$265	$210	$220
Soft Maple	$635	$430	$220
Red oak (group)	$1,095	$720	$465
White oak (group)	$895	$515	$415

*** 3 Mill(s) reporting..**

Average Riverborder Delivered Prices
Dollars per Thousand Board Feet, International ¼" Scale
(April-June, 1999)

Veneer

Species	High	Low	Avg
Black Walnut	$1,800	$1,800	$1,800

*** 1 Mill(s) reporting.**

Sawlogs

Species	Grade 1	Grade 2	Grade 3
Ash	$200	$165	$165
Black Walnut	$475	$380	$255
Cherry	$165	$165	$165
Cottonwood	$125	$125	$125
Elm	$125	$125	$125
Hackberry	$165	$165	$165
Hickory	$200	$165	$165
Hard Maple	$200	$165	$165
Soft Maple	$125	$125	$125
Red oak (group)	$475	$300	$215
White oak (group)	$200	$165	$165
Pecan	$165	$165	$165
Gum	$165	$165	$165
Eastern Redcedar	$330	$165	$165
S Yellow Pine	$150	$150	$150

*** 3 Mill(s) reporting.**

Average Statewide Delivered Prices
Dollars per Thousand Board Feet, International ¼" Scale
(April-June, 1999)

Below Grade Logs

Species	Blocking	Pallet	Tie
Ash	$140	$155	$205
Black Walnut	$130	$210	$195
Cherry	$140	$170	$205
Cottonwood	$135	$185	$125
Elm	$135	$175	$175
Hackberry	$140	$185	$190
Hickory	$150	$165	$205
Hard Maple	$160	$160	$210
Soft Maple	$150	$190	$205
Red oak (group)	$155	$170	$200
White oak (group)	$155	$170	$200
Pecan	$170	$190	$180
Gum	$140	$135	$200
Sycamore	$275	-	-
Eastern Redcedar	$165	$165	-
S Yellow Pine	$165	$160	$160

*** 33 Mill(s) reporting..**

QUARTERLY MARKET CONDITIONS

40 mills, with a combined annual production of 317 million board feet, participated in the survey of log and lumber market conditions. In addition, foresters reported stumpage prices resulting from 35 timber sales containing 4 million board feet located throughout the state.

Other Product Prices
(April-June, 1999)

Product	Avg. Price
Cedar Shaving Bolts	$70/MBF Int.
Scrag Bolts	$85/MBF Int.
Stave Logs	$450/MBF Int.

Log Markets

In many ways, the Second Quarter, 1999 didn't change much from the previous quarter. Slightly fewer sawmills submitted delivered log prices this quarter, but that is not unusual in the history of this report. Of the mills reporting, nearly one-third are operating at less than half of their normal capacity. One mill reported they were closing until Fall. However, nearly all of the remaining mills are operating at full capacity, so the decline of markets must not be universal.

The supply pipeline seems to be full of pallet lumber, blocking, flooring lumber and ties. It is interesting to note that exactly the same number of mills indicated a shortage of tie logs as those that said they had an over supply. Markets and supplies of raw materials rarely match up, do they? I guess that is what makes this such an interesting and diverse business.

Slight to moderate improvements were reported for walnut and pine lumber. Moderate to significant declines were reported for grade lumber, railroad ties and pallet lumber. Slight declines for flooring lumber and cants.

Log prices were reported to be the same or lower or lower than the previous quarter and the majority of the mills indicated delivered log prices headed downward. There were no reports from mills that predicted increased log prices in the coming months. Their forecast of market conditions was skeptical with little change in the next few months. However, when you have looked at the hundreds of reports this author has analyzed over the past few years, the skeptics normally outnumber the optimists. The pace of business over the past 3 years appears to have slowed somewhat and inventories of lumber in the supply pipeline are in the process of adjusting to more normal levels. The rush to purchase stumpage and increase log inventory has subsided in many areas. Log inventories are adequate in the majority of sawmills. Low log inventories is a normal condition at this season of the year and many mills appear to be adhering to that practice as a means of controlling costs. Logging conditions have been average to good throughout the state for the entire quarter.

There was a lot of variability among log prices for individual species last quarter. Prices for grade 1 logs were the most volatile and it appears that many mills are simply unwilling to extend their price range higher for the best quality logs. For example, Grade 1 Red oak logs were down slightly ($5/MBF), but Grade 2&3 prices increased about $20/MBF. White oak showed the same trend. Hickory has cooled off significantly in all grades. Walnut log prices were surprisingly up, but volume of logs being sawn is still low. Ash prices are up slightly and Hard Maple is down about $10/MBF. Soft maple prices appear to be rebounding nicely. Southern yellow pine prices have dropped with warmer weather, but some markets for pine in Southeastern Missouri make this a species to watch in the next two quarters.

Lower grade logs were much more consistent in the prices reported. Generally, tie logs are selling for about $10-$20/MBF less than last quarter. In spite of all the negative comments made about blocking prices in the mill reports, blocking logs were up about $15-$20/MBF last quarter. Pallet logs, representing more reported volume than any other category, were steady with the same prices as last quarter. Oak pallet log prices actually increased about $5/MBF according to the average calculated log price.

The third quarter of the year will probably not bring much change in log prices or procurement levels. We are in the summer “holding pattern” and there are not any rising stars on the horizon.

Stumpage Markets

There is obvious pressure from wood processors to reduce what they consider to be excessively high stumpage values. Of course, stumpage prices do not normally fluctuate widely or quickly, but respond to consumer preferences and trends that are relative long term. If you watch this report closely, you have probably observed that the difference between the high price and the low prices reported has increased over the years. This is a very reliable indicator that quality hardwood logs are in demand and more valuable in the marketplace. In general, stumpage prices were lower in the 2nd Quarter, but the decrease came mainly in the pallet, blocking, and tie log categories. I am seeing some alarmingly low prices being bid for standing timber that is below average quality. Of equal concern is the fact that the only timber sale results I analyze are those reported by Forestry Division foresters and consulting foresters. These are the sales that are probably selling somewhat higher than those negotiated between a landowner and a timber buyer. It is time for both the wood industry and landowners alike to become more knowledgeable about the fair value of the raw material they are harvesting. To a great extent, the future of quality timber products from Missouri forests depend upon that

As usual for this time of year, there were few veneer sales reported for the quarter. The few reports were generally for very small volume sales. I am reluctantly including the information, but use it cautiously.

The weighted average price for both mixed hardwoods and mixed oak timber sales declined about $20/MBF in the second quarter. Red oak and white oak sawlogs experienced similar declines. Hickory stumpage prices were up slightly, but expect to see some decline for this species in the coming months. Soft maple prices remained essentially steady. Not enough reports of hard maple sales were received to make any analysis.

Stave quality white oak is still a bright spot for landowners with good quality white oak timber. Markets for stave quality timber could see an increase this coming Fall.

Rumors of new pine sawlog markets in southern Missouri didn’t effect stumpage prices during the past quarter, but the future could be brighter. Missouri has long needed better markets for grade pine sawlogs. For decades we have been the poor cousins relative to the good pine markets in the South. Southern processors recognize the potential of Missouri pine, but have not seen fit to invest in processing facilities in our state. Pine markets have improved in the past few years, but no value is being added by processing the logs here. Pine sawtimber on private land is still comparatively small and scattered, but maybe those long awaited quality pine markets may be just around the corner!.

Editor's Note:

Remember that one of the most valuable sources for information on log and timber markets is the local Missouri Department of Conservation Resource Forester. Contact the nearest Forest District office for up-to-date, local advice. The Missouri Department of Conservation's Forestry Division, (573) 751-4115, will be happy to provide you with the name and address of the Resource Forester or District Forest Office nearest to you.

MISSOURI DEPARTMENT OF CONSERVATION
FORESTRY DIVISION
P O BOX 180
JEFFERSON CITY MO 65102-0180

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